Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 043020
ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 CIEP-00 SS-15 STR-04
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01
/100 R

DRAFTED BY EB/OT/STA:JSSPIRO/TREAS:MGADBAW:MEH
APPROVED BY EB/OT/STA:JSSPIRO
EB/OT:WGBARRACLOUGH
TREASURY:GHUFBAUER
COMMERCE:WKRIST
STR:TGRAHAM
L/EB:CROH
----------260248 054444 /67
P R 260003Z FEB 77
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY
INFO AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS

LIMITED OFFICIAL USE STATE 043020

E.O. 11652: N/A

TAGS: GATT, ETRD, EEC

SUBJECT: GATT COUNCIL CONSIDERATION OF DISC AND RELATED
TAX PRACTICES

REF: (A) GENEVA 1346, (B) EC BRUSSELS 1719,
(C) STATE 31277, (D) STATE 31278
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 043020

1. WE ARE PUZZLED WHY AT THE EC'S INITIATIVE THE GATT
PANELS' REPORTS ON DISC AND THE TAX PRACTICES OF FRANCE, '
BELGIUM AND NETHERLANDS ARE PLACED ON THE GATT COUNCIL'S
AGENDA AT THIS TIME.

2. THE U.S. POSITION IN THE GATT COUNCIL WILL BE TO

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

SUPPORT THE ADOPTION BY THE COUNCIL OF ALL FOUR GATT PANEL REPORTS.

3. THE U.S. SHOULD EMPHASIZE THAT WE VIEW THE DISC REPORT AND THE REPORTS ON THE FOREIGN TAX PRACTICES AS INSEPERABLE. ANY ACTION TAKEN WITH RESPECT TO THE DISC REPORT EITHER BY WAY OF ADOPTION OR RECOMMENDATIONS WOULD NECESSARILY HAVE TO COVER THE OTHER FOREIGN TAX PRACTICES IN THE SAME TERMS. THE PANELS DELIBERATELY AND CAREFULLY USED THE SAME ANALYSIS IN CONCLUDING THAT ALL THE TAX PRACTICES IN QUESTION WERE SUBSIDIES INCONSISTENT WITH GATT ARTICLE XVI:4.
4. U.S. REP SHOULD VIGOROUSLY OPPOSE ANY ACTIONS THAT HAVE THE EFFECT OF BLOCKING OR DELAYING COUNCIL'S ADOPTION OF ANY SINGLE REPORT, OR OF SUBJECTING ADOPTION OF ANY REPORT TO RESERVATIONS. UNLESS ALL FOUR REPORTS ARE ADOPTED TOGETHER AND FREE OF RESERVATIONS, U.S. REP SHOULD BLOCK ADOPTION OF ANY OF THE REPORTS. U.S. REP CAN, HOWEVER, ACCEPT THE MERE RESERVATION BY A COUNTRY OF ITS POSITION, OR THE SUBMISSION OF STATEMENTS CRITICIZING PANELS, SO LONG AS THESE DO NOT AFFECT THE UNCONDITIONAL, SIMULTANEOUS ADOPTION OF THE FOUR PANELS' REPORTS.

5. IF THE EC OR ANY OTHER PARTY TRIES TO FINESSE THE ISSUE OF ADOPTION AND MOVES DIRECTLY TO RECOMMEND THAT THE U.S. REMOVE THE DISC, THE U.S. SHOULD RESPOND:
(1) THAT IT IS INAPPROPRIATE FOR THE GATT COUNCIL TO CONSIDER ANY RECOMMENDATIONS UNTIL THE COUNCIL HAS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 043020

ADOPTED THE FOUR REPORTS (THIS POSITION IS CONSISTENT WITH WELL ESTABLISHED GATT PRACTICE), (2) THAT ANY RECOMMENDATION WOULD HAVE TO COVER THE DISC AND THE TAX PRACTICES OF FRANCE, BELGIUM AND NETHERLANDS ON THE SAME BASIS, AND (3) THAT A RECOMMENDATION ON THESE TAX PRACTICES WOULD NEED TO BE CAREFULLY REVIEWED BECAUSE THE REASONING OF THE GATT PANELS REPORTS RAISES QUESTIONS REGARDING THE CONSISTENCY WITH THE GATT OF THE TAX PRACTICES OF MANY OTHER GATT PARTIES.

6. SHOULD ANYONE RAISE THE QUESTION OF RELEASE OF THE U.S. DISC BRIEF, THE U.S. SHOULD DRAW ON THE POSITION STATED IN REFTELS C AND D.

7. THE U.S. REMAINS READY TO CONSULT, FORMALLY OR INFORMALLY, WITH ANY OF OUR TRADING PARTNERS REGARDING ISSUES RAISED BY THE PANEL DECISIONS.

8. THE U.S. MAY DRAW ON ABOVE POSITION IN DISCUSSION

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

WITH EC PRIOR TO THE GATT COUNCIL MEETING.
VANCE

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, TARIFF LIBERALIZATION
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE043020
Document Source: CORE
Document Unique ID: 00
Drafter: JSSPIRO/TREAS:MGADBAW:MEH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770067-0022
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977026/aaaaaeue.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fa93acc9-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 GENEVA 1346, 77 EC BRUSSELS 1719, 77 STATE 31277, 77 STATE 31278
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3369569
Secure: OPEN
Status: NATIVE
Subject: GATT COUNCIL CONSIDERATION OF DISC AND RELATED TAX PRACTICES
TAGS: ETRD, GATT, EEC
To: GENEVA
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/fa93acc9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009